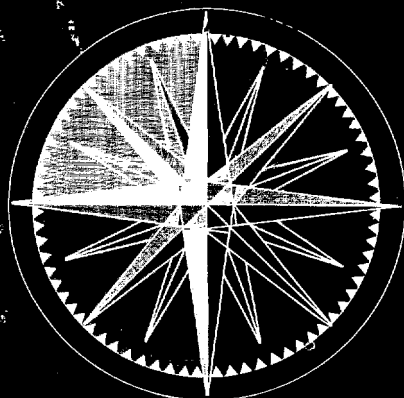


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SOUTH KOREA MOVES AHEAD UNDER PAK CHONG-HUI

CENTRAL INTELLIGENCE AGENCY
DIRECTORATE OF INTELLIGENCE

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SOUTH KOREA MOVES AHEAD UNDER PAK CHONG-HUI

The growing political maturity of South Korea's President Pak Chong-hui, together with the buoyant effect that an expanding economy has had on political attitudes, has helped to overcome much of the turmoil associated with the early years of Pak's administration. The government has accomplished most of what it set out to do, including normalization of relations with Japan, Korea's economically most important neighbor, and the dispatch of a major military force to assist the US in Vietnam. Inflation has been reduced to manageable proportions. Businessmen and cultural leaders reveal a growing optimism. The farmers are learning that new techniques can produce measurable benefits. All this is reflected in a new national pride and self-confidence shared by an increasing number of Koreans.

Nonetheless, chronic problems remain that, if unchecked, could plunge the country back into political and economic turmoil. Widespread corruption and political factionalism are still a constant threat to the stability of the government and hinder economic development. Moreover, the progress made to date is creating its own problems and adding new dimensions to the old. This is true, for example, in the area of Korean-US relations, where Korea's achievements are likely to be increasingly reflected in a growing independence and assertiveness on the part of the Koreans.

Pak's Progress

President Pak Chong-hui has clearly emerged as the dominant political figure in South Korea. A rather austere and authoritarian military man lacking charisma, Pak is not widely popular but the success of his policies has brought him growing respect and acceptance as a national leader. This makes him a strong candidate to succeed himself in the national

elections planned for next spring.

Pak's growing ability to govern within the frame of the constitution has encouraged a substantial degree of political stability. Increasingly confident of his position, Pak less often resorts to authoritarian repressive tactics, and is relying more on compromise and persuasion. By such means the more

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reasonable opposition elements have been led to cooperate with the administration on less controversial issues.

Pak's two most contested decisions were to normalize relations with Japan, Korea's former colonial ruler, and to send troops to Vietnam. In each case, however, his firmness was backed by a majority of his Democratic-Republican Party and was accepted if not fully supported by the public. Most significantly, he retained the support of the military upon which his position ultimately depends.

The political opposition, lacking the voting strength to defeat Pak in the National Assembly, has attempted to foment street violence to bring about his downfall. Former president Yun Po-sun tried to incite student opposition to Pak's policy for normalizing relations with Japan in order to foment a student revolution like the one that ousted president Rhee in 1960. When Yun failed and his party's mainstream sought a rapprochement with the government majority in the National Assembly, he and other intransigents walked out of the legislature and the People's Party to form a new political organization. Unable to agree on its leadership, they instead formed two additional parties. Discredited, disorganized, and virtually leaderless, neither of these parties nor the People's Party is presently capable of doing much more than harassing the government.

Pak has had less success in coping with the hostility of students and intellectuals who are frustrated by the lack of employment opportunities they consider equal to their capabilities. Many if not all of them are convinced--with justification--that the government is blatantly corrupt, and they resent its intermittent disregard of democratic practices. Their concern and hostility is aggravated by strong fears that the present government leaders will sell out control of the nation's economy to Japanese business interests.

Nevertheless, Pak has managed to get his student opponents back into the classrooms and out of the streets where their demonstrations were a continuing threat to his administration. Furthermore, his firm but restrained tactics accomplished this without arousing serious public hostility.

Economic Gains

The impressive gains made by the Korean economy during the last two years have had a noticeably beneficial psychological impact on government officials, businessmen, and the public at large. Much of the old lack of national self-confidence has been submerged by a new maturity and confidence in their own and Korea's future which has benefited Pak politically.

Over the past two years the gross national product has

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increased in real terms about eight percent annually. Exports rose to \$180 million in 1965 compared with only \$87 million in 1963. A wide range of export products is being produced. Korean woolen and cotton textiles and automobile tires hold their own in quality with any in the world. Korean construction firms have received contracts for work abroad, and Korean laborers and technicians are being recruited for work in Europe, South America, Canada, and Vietnam. Agriculture has expanded enough that Korea is again able to export rice, and the minister of agriculture and forestry claims that the nation will be self-sufficient in food in a few years.

Many major difficulties remain to be corrected, however. Domestic investment capital is not being generated in large enough amounts to absorb the foreign development funds available. Exports still lag behind import requirements for raw material and capital goods. The trade deficit decreased in 1965 but was still a sizable \$275 million, most of which was covered by US grants and loans and sales of goods and services to UN (US) Forces in Korea.

Urban poverty and unemployment still plague the regime. Opposition feeds not only on the evidence of corruption in public office, but also on the apparent lack of concern and effective action by the government to better living conditions. Urban planning and public housing are virtually nonexistent in the burgeoning cities, especially Seoul. Unem-

ployment is large, between 5.7 percent and 7.7 percent of the labor force, and underemployment is larger. Inflation, although reduced to manageable proportions, is a real and continuing threat to the livelihood of most Koreans. Nevertheless, these problems loom less large now than they did in the past.

Unification

Unification remains the major latent issue facing the Koreans. So far, Pak, with broad public support, has taken the position that unification will be possible only when South Korea becomes strong enough to resist the Communist danger. As recently as 8 June, he publicly reaffirmed his government's continuing commitment to the achievement of unification on the basis of UN-supervised elections throughout the Korean Peninsula, a position that has been consistently rejected by the Communist north.

Nevertheless, events outside Korea are giving rise to doubts regarding the efficacy and desirability of relying on the UN. Increasing world support for the admission of Communist China to the UN has raised in Korean minds the prospect of a UN election commission that could include or be dominated by Communist nations. In addition, Korean involvement in Vietnam has made Seoul realize that the outcome of the struggle there could have long-range implications for Korea's unification problem. Implicit in such thinking is a growing conviction that the UN cannot or will not deal with the problem and that new alternatives must be found.

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Foreign Relations

Pak's normalization of relations with Japan, Korea's natural trading partner, and his dispatch of troops to Vietnam were his two most important acts affecting the country's future. Each action was in line with Korea's growing international role, and each is likely to have far-reaching consequences.

Koreans are both attracted and repelled by the prospect of expanding ties with the materially richer and technologically more advanced society of their Japanese neighbors. They are eager to take advantage of the substantial development funds to be provided by Japan under the terms of normalization, and they foresee an inflow of Japanese capital interested in taking advantage of low Korean wage levels to manufacture inexpensive consumer items for export to Japan and third countries. Koreans also generally realize that their economy could benefit from a liberal infusion of Japanese equipment and technological and managerial know-how.

This attitude is offset to some extent by a recognition that closer economic ties are likely to lead to Japanese involvement in Korean domestic affairs. Distrust of Japan is deeply rooted and there is widespread fear that the Japanese want to re-establish their hegemony over the Korean peninsula. Many Koreans also fear that closer relations will open Korea to Japanese leftist influence and provide an avenue of access for North Korean agents.

Closer ties with the Japanese will inevitably affect Korean relations with the US. Korean fears that the US is pushing the country closer to Japan in order to rid itself of burdensome responsibilities threaten to become a growing irritant. Japan's greater economic role in Korea will tend to decrease the relative influence of the US in the formulation of Korean economic policy and in the allocation of resources for a well-balanced economic growth.

The Korean decision to enter the Vietnam conflict grew from mixed motives of sentiment and self-interest. The sentiment was compounded of feelings of loyalty to the US and a deep-seated feeling of obligation to repay the free world for coming to Korea's aid in 1950. The self-interest stemmed in large measure from a general belief that Japan had gotten rich off of the Korean war and that Korea's turn had come with Vietnam. The two motives seem to merge in the concept that sending troops to Vietnam is a demonstration of loyalty that should strengthen the Korean alliance with the US and produce greater benefits for Korea.

Seoul and the Korean public not only expect material gain. They believe that their heavy commitment in Vietnam entitles them to be treated by the US as an equal. This feeling already has generated demands that the US renegotiate portions of the pending status-of-forces agreement that the Koreans regard as less advantageous than the terms

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accorded Japan and the Philippines. Korean resentment is focused on the touchy issue of criminal jurisdiction over US servicemen, which government and opposition politicians alike will probably make into an election football, despite the danger of sparking a wave of anti-American disorders.

Seoul also is demanding with increasing vigor that the US recognize Korea's right to be consulted with regard to an eventual settlement in Vietnam and to a place at any intervening conference tables. Such assertiveness could lead to problems in future US-Korean relations. To the Koreans, military success in Vietnam means absolute destruction of all Communist forces in the south, and preferably of the Hanoi regime also. Politically it means control of all South Vietnam, but ideally of a united Vietnam, by a strong anti-Communist government and the elimination of Communism as a political force. A failure of US policy to accomplish as much, or the denial of what Koreans see as their right to profit economically from the Vietnam war, could cause them to question the whole fabric of US-Korean relations, including continued UN (US) operational control of the Korean armed forces on Korean territory.

The success of the ministerial meeting for Asian and Pacific cooperation has enhanced Korean influence on the international scene. The conferees have agreed on a mechanism for regional consultation, a secre-

tariat, and a plan to hold annual meetings. The conference and its accomplishments resulted from Asian initiatives and seem certain to benefit South Korea and the other countries of the region.

The Dangers

The greatest hazard to continued progress lies within Pak's Democratic-Republican Party, which holds 110 of the 175 seats in the National Assembly. Corruption and factionalism are endemic, and the effective opposition which would enforce discipline upon the members of the administration and their party colleagues is lacking.

President Pak is increasingly adroit in avoiding becoming a captive of any one faction, and in maintaining a balance among the factions. His lieutenants, however, have fallen to fighting over the political spoils to be won in elections next year. In order to prepare the way for increasing their power base, Prime Minister Chong Il-kwon and others are seeking to get Pak to let them, rather than unpopular party chairman Kim Chong-pil, run the coming elections. They are telling Pak that to be re-elected president he must reduce Kim's political power--which is second only to Pak's--and not allow him to select the party candidates for the assembly. At the same time they have begun a quiet purge of Kim's followers from key positions within the government.

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The politically ambitious and authoritarian-minded Kim has taken no direct retaliatory action so far. He has chosen instead to maintain the image of political moderation he assumed following his 1964 exile in the US. This, however, could change without warning should he believe his position sufficiently threatened.



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Thus far, the squabbling of the opposition politicians has prevented them from making effective use of the material at hand to attack the government. This is not likely to remain the case as next year's election gets closer.

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